

LIEFF, CABRASER, HEIMANN & BERNSTEIN, LLP

ATTORNEYS AT LAW

STEVEN E. FINEMAN
PARTNER

780 THIRD AVENUE, 48TH FLOOR
NEW YORK, NEW YORK 10017-2024
TELEPHONE: (212) 355-9500
FACSIMILE: (212) 355-9592
mail@lchb.com
www.lchb.com

SAN FRANCISCO
NASHVILLE

July 3, 2008

**VIA ELECTRONIC COURT FILING
AND HAND DELIVERY**

The Honorable Victor Marrero
United States District Judge
United States District Court
for the Southern District of New York
500 Pearl Street, Suite 660
New York, NY 10007

Re: *In re Municipal Derivatives Antitrust Litigation*, MDL No. 1950,
Master Docket No. 08 Civ. 2516

Dear Judge Marrero:

Pursuant to the rules of this Court, the parties to the above-captioned litigation¹ have conferred and jointly submit this status letter in advance of the initial case management conference set for July 11, 2008.

(1) Background and Description of the Case

Plaintiffs in this multidistrict litigation are municipalities and other government and private entities that allegedly purchased financial products related to municipal bonds. Plaintiffs term these products "Municipal Derivatives."² Plaintiffs allege that Defendants engaged in a conspiracy not to compete and to rig the bids that Plaintiffs received for "Municipal Derivatives." Defendants contest these allegations. The Defendants include commercial banks, investment banks, insurance companies and brokers. Not all Defendants are named in each action and some actions name only Bank of America ("BofA") as a defendant. BofA asserts that

¹ One defendant, Feld Winters Financial LLC, has not made an appearance in these actions and is not party to this letter.

² By using the term "Municipal Derivatives," Defendants do not endorse Plaintiffs' definition.

The Honorable Victor Marrero

July 3, 2008

Page 2

it has been conditionally accepted into the Department of Justice's antitrust corporate leniency program.

Plaintiffs brought these cases in three district courts: (1) the Southern District of New York; (2) the District of Columbia and (3) the Northern District of California. Each case is brought on behalf of the Plaintiff or Plaintiffs and on behalf of a putative class of purchasers comprised of state or municipal government entities, as well as private entities, that purchased Municipal Derivatives directly from or through Defendants. The actions allege violations of federal and state antitrust and unfair competition laws. All actions allege claims under the Sherman Act, 15 U.S.C. § 1. The *City of Oakland* action also alleges claims under California's antitrust statute, the Cartwright Act (Cal. Bus. & Prof. Code § 16720, *et seq.*), and California's unfair competition statute (Cal. Bus. & Prof. Code § 17200, *et seq.*). The cases are:

Fairfax County, Virginia, et al. v. Packerkiss Securities, Inc., et al.,
Case No. 1:08-432 (JR) (D.D.C.) (filed March 12, 2008);

Fairfax County, Virginia, et al. v. Bank of America,
Case No. 1:08-433 (JR) (D.D.C.) (filed March 12, 2008);

Hinds County, Mississippi v. Wachovia Bank, N.A., et al.,
Case No. 1:08-2516 (VM) (S.D.N.Y.) (filed March 13, 2008);

Haywood County, Tennessee v. Bank of America, N.A., et al.,
Case No. 08-3002 (VM) (S.D.N.Y.) (filed March 24, 2008).

City of Oakland, California v. AIG Financial Products Corp., et al.,
Case No. 08-2116 (SBA) (N.D. Ca.) (filed April 23, 2008);

Central Bucks School District v. Bank of America N.A.,
Case No. 08-955 (RJL) (D.D.C.) (filed June 4, 2008); and

Central Bucks School District v. Wachovia Bank N.A., et al.
Case No. 08-956 (JR) (D.D.C.) (filed June 4, 2008).

Plaintiffs contend that each of the Defendants has either been served or has agreed to waive service in the *City of Oakland* action and one or more of the other actions. Not all Defendants agree that they have been properly served.

By order dated June 16, 2008, the United States Judicial Panel on Multidistrict Litigation transferred actions pending outside the Southern District of New York to this District and ordered that the cases, along with subsequently filed related actions, be assigned to Your Honor for coordinated or consolidated pretrial proceedings. The Court has consolidated the *Fairfax County*, *Hinds County*, and *Haywood County* actions. Order, June 23, 2008 (Docket No. 52). The *City of Oakland* and *Central Bucks* actions are subject to a MDL Conditional Transfer Order.

The Honorable Victor Marrero

July 3, 2008

Page 3

(2) Case Management

The parties are discussing a proposed Case Management Order to be submitted to the Court at or before the July 11, 2008 Case Management Conference.

(3) Contemplated Motions

Plaintiffs' counsel expect to submit in advance of the July 11, 2008 Case Management Conference either an agreed-upon proposal for a leadership structure pursuant to Federal Rule of Civil Procedure 23(g) or a briefing schedule.

Following the determination of Plaintiffs' counsel's leadership structure, Plaintiffs intend to prepare and file a consolidated complaint.

Defendants presently expect to move to dismiss the consolidated complaint and/or for summary judgment.

(4) Prospects for Settlement

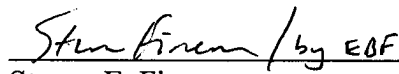
Some settlement discussions have occurred between certain plaintiffs and Bank of America. The parties agree to consider the prospect of engaging in settlement discussions if and when an appropriate time arises.

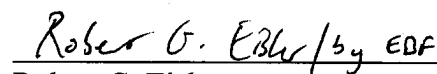
(5) Proceeding Before the Magistrate Judge

The parties do not consent to proceed for all purposes before the Magistrate Judge.

The parties are prepared to provide the Court with additional information should the Court desire it.

Respectfully submitted,


Steven E. Fineman
Lief, Cabraser, Heimann & Bernstein, LLP
On behalf of the *City of Oakland* plaintiff


Robert G. Eisler
Cohen, Milstein, Hausfeld & Toll, P.L.L.C.
On behalf of the *Fairfax County and Hinds County* plaintiffs

The Honorable Victor Marrero

July 3, 2008

Page 4

William A. Isaacson/sy EBF

William A. Isaacson

Boies, Schiller & Flexner LLP

On behalf of the *Fairfax County* plaintiffs

J. Douglas Richards/sy EBF

J. Douglas Richards

Pomerantz Haudek Block Grossman

& Gross LLP

On behalf of the *Haywood County* plaintiff

Solomon B. Cera/sy EBF

Solomon B. Cera

Gold Bennett Cera & Sidener LLP

On behalf of the *Central Bucks School District* plaintiffs

William Carmody/sy EBF

William Carmody

Susman Godfrey L.L.P.

On behalf of the *City of Baltimore* plaintiff

Kevin R. Sullivan/sy EBF

Kevin R. Sullivan

King & Spalding LLP

On behalf of Bank of America Corp. and
Bank of America, N.A.

Joseph F. Wayland/sy EBF

Joseph F. Wayland

Simpson Thacher & Bartlett LLP

On behalf of JPMorgan Chase & Co., Bear,
Stearns & Co., Inc., and all Defendants other
than Bank of America and Feld Winters
Financial LLC

Attachment

cc: All Counsel of Record (via ECF)

769104.7